

I have been an Amway/Quixtar IBO since 1975 (31 years) and when we married in 1988 (18 years ago), my wife joined me in my quest to become a successful entrepreneur using the Amway/Quixtar business model.

I read all 44 pages of the proposed rule and considered the insight that Quixtar provided when they made all IBOs aware of its existence in my independent response.

As written, there are several provisions of the proposal that would adversely affect or maybe even kill our ability to conduct our independent Quixtar business:

1. The proposed 7-day waiting period after receiving disclosures may work well for franchises where capital investment is required, but it makes no sense when the new IBO wants to get started right away and can get their money back if not satisfied anyway. In fact, it doesn't protect the new IBO in any way, it simply hinders them in the pursuit of earning money in the business. I concur with Quixtar that the proposed rule should "Eliminate the waiting period, at least for business opportunities like Quixtar where a prospect can get his money back if not satisfied."
2. Give Every Prospect a list of "references". This is a terrible provision. I don't want my own name sent to every Tom, Dick & Harry who was interested in joining the business by other IBOs and I especially wouldn't want to have to list the names of 10 of my competitors (other IBOs in my area) to my prospect that I've put time, energy and money into sponsoring so that he might just go sign up with them instead of me. Such a rule infringes on personal privacy. By the way, I don't know 10 other IBOs in my local area. I concur with Quixtar that you should "Eliminate the requirement to provide 10 references" from the proposed rule.
3. It is unfair to have to list all lawsuits, arbitrations, or other legal claims for the past 10 years. If you had to have this provision at all, it would be better to limit it to 5 years and then only to cases that where fraud, misrepresentation, or unfair trade practices were proven in a court of law. I can think of scenarios where one business could sue or make allegations against another business that even though ultimately proved untrue, could substantially hurt or make it impossible for me to build our business.
4. Income disclosure. If as a part of signing up, the new IBO has to disclose his personal financial info to those he signs up, then our opportunity will cease to work. Why would anyone open themselves up to that? Of what possible worth is that to the new IBO or person he is trying to sign up? What are you trying to protect them from? The cure you're proposing is worse than the disease. I concur with Quixtar, "If disclosures are needed, require a simple, standard, easily understood disclosure such as average monthly gross income for active IBOs". For one thing, it will be way more accurate than any IBO disclosing their income

5. Having me disclose my personal financial documents to strangers, even if they are my newest IBO, is really, really scary. I don't know them well when they first sign up and it could be that they use this information for nefarious uses that could harm me, my family and my business. We don't go around telling folks how rich we are to sponsor them anyway. We tell them that the business plan has the potential for them to earn more than we earn and that they could earn more and be more successful than we'll ever be.

I read the entire 44 page document, there is a misspelling in the following area:

*6. Proposed Section 437.6: Record Retention*

Proposed should be Proposed.

In summary let me say that I've seen the Amway/Quixtar business model through both good and the bad times. I execute my business both legally and ethically and teach those we sponsor to do the same. We trust our government to protect our right to build and operate an independent business. Without that trust, the business climate of the nation breaks down. I implore the FTC to maintain my ability to build an independent business and be exceedingly careful of the rules you impose. There is a delicate balance in our business model that has taken years to achieve and with the wrong rules imposed on this model, you could kill the business opportunity for the millions of future IBOs that have not yet seen the plan or what it could do for their financial futures. I know that the FTC has the best intentions in mind. From that trusting perspective, please, please be very, very careful in what you put into this rule. It is people like me, little guys, who have a dream to succeed, do more with our lives and want to help others to do the same that are the ones that could be most hurt by a poor rule set. Please don't hurt the good guys with rules meant to weed out the bad guys and protect the consumer.

Sincerely,

David Belote

Colorado Springs, CO